

**Montana Board of Research and Commercialization Technology
Board Meeting Teleconference
December 3, 2009**

Members

Attending: Marty Connell, Acting Chairman
Jim Davison
Todd Graetz
Erik Somerfeld
Paul Tuss

Others Dave Desch, Executive Director
Attending: Jane Todd, Administrative Specialist

I. Call to Order

Marty Connell called the meeting to order at 10:04 a.m.

II. Approval of Minutes from 9/22/09 Board Meeting

Marty Connell asked for additions or corrections to the minutes of the September 22, 2009, Board meeting. There being none, Jim Davison moved to approve the minutes as presented. Todd Graetz seconded the motion. All in favor, the motion carried.

III. Executive Director's Report

Sustainable Systems:

This project was terminated by the Board due to concerns regarding the company's financial condition. The company returned unspent MBRCT funds.

Funding Status:

During the last legislative session, as a result of HB 123, two things happened: (1) The sunset for MBRCT and seven other economic development programs was extended for nine years to June 30, 2019. (2) The MBRCT program took a 65% cut in funding, meaning that the statutory appropriation of \$3.65 million was reduced to \$1.275 million for 2010, 2011 and 2012. In July 2013, the appropriation will revert to its former level of \$3.65 million. The appropriation is deposited in the research and commercialization special revenue account, and this is used to fund both grant activity and program administration. Any funds returned from cancelled projects, or earnings generated on the special revenue account, remain in the account and are available for use by the Board.

Budget:

Mr. Desch directed Board members to budget summaries of the program and discussed each line item of the FY2009 year-end budget.

Follow-on Funding:

Mr. Desch explained that if a grant recipient is able to attract funding for a project subsequent to the Board's involvement, and if the project's principle investigator

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indicates that Board funding assisted in the acquisition of additional funding, this amount can be considered follow-on funding. Keeping track of this important metric allows the observer to determine, among other things, what kinds of projects have been able to attract additional funding, the funding sources available for these projects, and how much capital has been attracted to the state. Grant recipients are asked to report follow-on funding on an annual basis for the fiscal year. The current follow-on funding amount is \$229 million, and the large majority of this amount comes from federal sources. Over half of the projects have attracted follow-on funding. In addition, 50 of the 167 projects the board has funded have attracted half a million dollars or more, and 36 projects have attracted over \$1 million.

Consensus: It was the consensus of board members that follow-on funding is an important metric and can be used as a persuasive argument to describe the importance of the program in the next legislative session.

Project Reports:

Additional reports discussed were the Production Agriculture and Clean Coal Renewable Resource spreadsheets, Project Progress summaries and Final Report summaries.

Consensus: It was the consensus of the board that increasingly, more meeting information can be provided in electronic format.

Upcoming Request for Proposals:

The next Request for Proposals is scheduled to be released in December.

IV. Set time and date for next meeting

The next board meeting will be a phone meeting on March 15th at 10:00 a.m. for the purpose of discussing proposals and setting a schedule for making funding decisions.

V. Other

Board appointment:

The Speaker of the House has yet to make an appointment for the seat occupied by Todd Graetz. Mr. Graetz' previous appointment expired June 30, 2009. Paul Tuss stated that he will attempt to contact Speaker Bergren for the purpose of determining the status of this appointment. Todd Graetz expressed his willingness to continue on the board until such time as he is reappointed or replaced.

Commercialization:

Jim Davison stated his gratification to see evidence of commercialization from some projects funded over the past couple of years. Several are small companies that used relatively small amounts of money to get to commercialization. Dave Desch stated that there are several others pending near-term commercialization and will be added to the commercialization success list on the MBRCT webpage.

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VI. Public Comment

There was no public comment.

VII. Adjourn

Marty Connell adjourned the meeting at 10:51 a.m.

Respectfully submitted,

Marty Connell, Acting Chairman